

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF BIG RIVERS ELECTRIC	)	CASE NO.
CORPORATION TO IMPLEMENT DEMAND-SIDE	)	2012-00142
MANAGEMENT PROGRAMS	)	

O R D E R

On March 16, 2012, Big Rivers Electric Corporation ("Big Rivers") made a tariff filing ("Tariff Filing") seeking Commission approval of nine demand-side management ("DSM") programs. Big Rivers' proposed tariffs were designated as PSC No. 24, Sheet No. 2.01 through 2.15, and provided that the new DSM programs become effective on April 16, 2012. On April 16, 2012, the Commission issued an Order finding an investigation of the proposed DSM tariffs was necessary to determine their reasonableness, suspended the tariffs for one day, and allowed them to become effective prospectively. On April 20, 2012, Big Rivers filed a supplemental tariff filing for approval of a weatherization DSM program designated as PSC No. 24, Sheet No. 2.16 to 2.17, and requested the new DSM program become effective on May 20, 2012. On May 18, 2012, the Commission suspended the supplemental tariff for one day to become effective May 21, 2012, subject to change prospectively. Further, the Commission incorporated the supplemental tariff into the record of this case.

Big Rivers has a DSM/Energy Efficiency (“EE”) Working Group (“Working Group”). The Working Group<sup>1</sup> is made up of an employee of Big Rivers and representatives of Big Rivers’ Member Cooperatives (“Member Cooperatives”)<sup>2</sup> and it is involved in the planning and implementation process on an on-going basis.<sup>3</sup> There was no mention of Working Group disagreement as to the proposed DSM/EE programs in this case.

There were no intervenors in this case. Discovery is complete and the matter now stands submitted to the Commission for a decision based on the record.

Big Rivers previously had eight DSM/EE pilot programs.<sup>4</sup> The following table details the results of the pilot programs for 2011:

Pilot Program	Result	Incentive	Promotion
Refrigerator Replacement	29 Units	\$2,900.00	\$0.00
Clothes Washer Replacement	71 Units	\$7,100.00	\$597.00
Outdoor Lighting	N/A	\$2,241.19	\$0.00
New Construction	49 Houses	\$49,000.00	\$1,411.91
Tune-Up Pilot	469 Units	\$12,325.00	\$564.92
Weatherization	5 Homes	\$22,701.49	\$0.00
Commercial Lighting	52.35 kW	\$3,318.00	\$689.30
Poultry Facility	25 Houses	\$15,000.00	\$0.00
Total		\$114,585.68	\$3,263.13

<sup>1</sup> The Working Group began meeting in 2009 to evaluate, design, and implement functional and cost-effective DSM programs that reduce both winter and summer peak demand as well as reduce energy consumption. Response to Commission Staff’s First Request for Information, Item 1, dated June 8, 2012.

<sup>2</sup> Big Rivers’ Member Cooperatives are Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation.

<sup>3</sup> Big Rivers’ Response to Commission Staff’s First Request for Information, Item 11, dated June 8, 2012.

<sup>4</sup> Case No. 2011-00036, Application of Big Rivers Electric Corporation for a General Adjustment in Rates, Demand Side Management Report, filed January 30, 2012, page 1 of 32.

## DISCUSSION OF PROPOSED DSM/EE PROGRAMS

There are 10 proposed DSM/EE programs. The programs are:

1. Residential High Efficiency Lighting Replacement Program. This program promotes an increased use of Energy Star rated Compact Fluorescent Light (“CFL”) lamps among rural customers by reimbursing a member the cost of CFL lamps purchased and distributed by the member to its eligible rural customers.

2. Energy Star Clothes Washer Replacement Incentive Program. This program promotes an increased use of Energy Star rated clothes washing machines (“Qualifying Clothes Washer”) among rural customers by paying a member an incentive for the benefit of an eligible rural customer who purchases and installs a Qualifying Clothes Washer.

3. Energy Star Refrigerator Replacement Incentive Program. This program promotes an increased use of Energy Star rated refrigerators (“Qualifying Refrigerator”) among rural customers by paying a member an incentive for the benefit of an eligible rural customer who purchases and installs a Qualifying Refrigerator and removes from operation and recycles an existing older, low-efficiency refrigerator.

4. Residential High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program. This program promotes an increased use of high efficiency HVAC systems among rural customers by paying a member an incentive for the benefit of an eligible rural customer who purchases and installs an HVAC system beyond contractor grade minimums to one of three types of Energy Star rated HVAC systems.

5. Residential Weatherization Program. This program promotes increased implementation of weatherization improvements among rural customers with primary heating source electric by paying a member an incentive for the benefit of an eligible rural customer who undertakes and completes residential weatherization improvements in accordance with this program.

6. Touchstone Energy New Home Program. This program promotes an increased use of energy efficient building standards as outlined in the Touchstone Energy certification program, including installation of high efficiency Energy Star rated HVAC systems, among rural customers and home builders by paying a member an incentive for the benefit of an eligible rural customer whose new home includes an HVAC system beyond contractor grade minimums that is one of four specified types of Energy Star rated HVAC systems.

7. Residential and Commercial HVAC & Refrigeration Tune-Up Program. This program promotes annual maintenance of heating and air conditioning equipment among eligible rural customers by paying a member an incentive for the benefit of an eligible rural customer for professional cleaning and servicing of the rural customer's heating and cooling system.

8. Commercial/Industrial High Efficiency Lighting Replacement Incentive Program. This program promotes the upgrading of low efficiency commercial or industrial lighting systems by rural customers by paying a member an incentive for the benefit of an eligible rural customer who measurably improves the energy efficiency of a commercial or industrial lighting system.

9. Commercial/Industrial General Energy Efficiency Program. This program promotes the implementation of energy efficiency projects among rural customers by paying a member an incentive for the benefit of an eligible rural customer of the member who implements an energy efficiency project at its commercial or industrial facilities.

10. Residential Weatherization Program–Primary Heating Source Non-Electric. This program promotes increased implementation of weatherization improvements among rural customers whose primary heating source is non-electric by paying a member an incentive for the benefit of an eligible rural customer who undertakes and completes residential weatherization improvements in accordance with this program.

#### COST EFFECTIVENESS

The following is the result of the Total Resource Costs (“TRC”) effectiveness test<sup>5</sup> provided by Big Rivers.

Tariff	Program	TRC
DSM-01	High Efficiency Lighting Replacement	7.30
DSM-02	Clothes Washer Replacement Incentive	1.62
DSM-03	Refrigerator Replacement Incentive	2.62
DSM-04	Residential High Efficiency HVAC	1.40
DSM-05	Residential Weatherization	2.28
DSM-06	Touchstone Energy New Home	1.13
DSM-07	Residential and Commercial HVAC Refrigerator Tune-Up	1.48
DSM-08	Commercial/Industrial High Efficiency Lighting Replacement Incentive	3.54
DSM-09	Commercial/Industrial General Energy Efficiency	2.57
DSM-10	Residential Weatherization Program - Primary Heating Source Non-Electric	3.91

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<sup>5</sup> *Id.*, page 4 of 32.

## 2012 Budget

The 2012 DSM budget as approved in Case No. 2011-00036 is \$1 million.<sup>6</sup> Of that amount, Big Rivers is proposing to spend \$800,000 for incentives and \$200,000 for promoting the programs. The incentives will be paid by Big Rivers to reimburse its Member Cooperatives for incentives they pay to retail participating customers. The programs will be promoted through websites, radio, print media, and standard communication tools such as Kentucky Living or Member Cooperative newsletters.<sup>7</sup> The following table shows how the \$800,000 for incentives is to be allocated among the proposed 10 DSM projects:

<u>Tariff</u>	<u>Program</u>	<u>Incentive</u>
DSM-01	High Efficiency Lighting Replacement	\$100,000
DSM-02	Clothes Washer Replacement Incentive	\$40,000
DSM-03	Refrigerator Replacement Incentive	\$40,000
DSM-04	Residential High Efficiency HVAC	\$50,000
DSM-05	Residential Weatherization	\$200,000
DSM-06	Touchstone Energy New Home	\$100,000
DSM-07	Residential and Commercial HVAC Refrigerator Tune-Up	\$50,000
DSM-08	Commercial/Industrial High Efficiency Lighting Replacement Incentive	\$190,000
DSM-09	Commercial/Industrial General Energy Efficiency	\$30,000
DSM-10	Residential Weatherization Program - Primary Heating Source Non-Electric	*
	Total	\$800,000

\* The \$200,000 budget for the weatherization program will include all weatherization projects for 2012, including the DSM-10. Big Rivers' Response to Staff's First Request for Information, Item 8, dated June 8, 2012.

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<sup>6</sup> Case No. 2011-00036, Application of Big Rivers Electric Corporation for a General Adjustment in Rates (Ky. PSC Nov. 17, 2011).

<sup>7</sup> *Id.*, Demand Side Management Report, filed January 30, 2012, page 4 of 32.

## CONCLUSIONS

Having reviewed the record, including the cost-effectiveness test results provided by Big Rivers in support of its proposed DSM programs, and being otherwise sufficiently advised, the Commission finds that:

1. Big Rivers' request to implement the nine DSM/EE programs proposed in its March 16, 2012 tariff filing and the one supplemental DSM program proposed in its April 20, 2012 supplemental tariff filing are reasonable and should be approved.

2. Conservation, EE, and DSM have become more important as there are more constraints placed upon generating utilities whose main source of energy is coal-based generation. In fact, Big Rivers has currently pending before the Commission a proposal seeking more than a quarter billion dollars for compliance purposes with Environmental Protection Agency ("EPA") regulations in Case No. 2012-00063.<sup>8</sup> Likewise with the release of its Roadmap<sup>9</sup> recently, EPA recognizes the value of EE and DSM as tools for partial compliance with the regulations. The Commission commends Big Rivers for beginning to deploy these programs and encourages this effort, but it must make a greater effort to offer cost-effective DSM and other EE programs.

IT IS THEREFORE ORDERED that:

1. Big Rivers' proposed 10 DSM tariffs are approved.

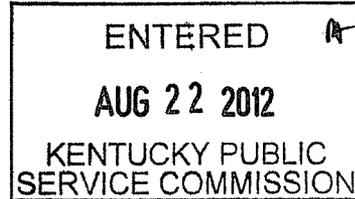
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<sup>8</sup> Case No. 2012-00063, Application of Big Rivers Electric Corporation for Approval of Its 2012 Environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and for Authority to Establish a Regulatory Account (filed Apr. 2, 2012).

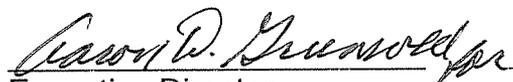
<sup>9</sup> EPA's Roadmap for Incorporating Energy Efficiency/Renewable Energy Policies and Program into State and Tribal Implementation Plans, dated July 2012.

2. Within 20 days of the date of this Order, Big Rivers shall file with the Commission its proposed DSM tariffs as approved herein showing the date of issue and that they were issued by authority of this Order.

By the Commission



ATTEST:

  
Executive Director

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